



California Legislative Conference of the
Plumbing, Heating and Piping Industry

All You Need to Know About Obtaining and Maintaining your California Contractor's License

California law requires that all contractors operating in the State be properly licensed by the Contractors State License Board (CSLB). Harsh penalties may be assessed against an unlicensed contractor for performing work in California. An unlicensed contractor may be subject to both civil and criminal penalties and disciplinary action by the CSLB.

Much of what is included in this summary can be found in the [California Contractors License Law & Reference Book](#). We have selected the portions that may be helpful while going through the application process.

Currently, the typical processing time for a new California contractor's license is 3-6 months. While applicant fingerprinting and background check requirements can cause some delays, the most common delay is due to incomplete and incorrect applications submitted to CSLB.

The California Legislative Conference of the Plumbing, Heating and Piping Industry (CLC) employs full time staff available to help you through the application process, including answering questions and solving problems relating to CSLB and its requirements. CSLB, like many public oversight boards and commissions, is lined with red tape that continues to grow. Our expert staff has years of experience which can assist California CLC member contractors through this process.

CLC assists its contractors by providing expert consultation both before and after a license has been obtained, which includes:

- Guidance in preparing and completing applications.
- Hand-delivering applications to CSLB headquarters in Sacramento.
- Monitoring the progress of license applications.
- Assistance in solving issues related to a license or license application.
- Assistance in making changes to current licenses.

Obtaining Your Contractors License:

Who must be licensed as a contractor?

All businesses and individuals who construct or alter, or offer to construct or alter, any building, highway, road, parking facility, railroad, excavation, or other structure in California (other than federal projects located in California) must be licensed by the CSLB if the total cost of labor and materials under one or more contracts on the project is \$500 or more.

Note: Contractors who work with asbestos or other hazardous substances are regulated by the U.S. Department of Labor, U.S. Occupational Safety and Health Administration and the California Division of Occupational Safety and Health, as well as by the CSLB.

Is there a minor work exemption to the license requirement?

Yes:

- **Minor Work Exemption:** If the total cost of labor and materials under one or more contracts on a project is less than \$500, a contractor's license is not required. Work which is part of a larger project, whether undertaken by the same or different contractors, may not be divided into contracts of less than \$500 in an attempt to meet this exemption.

Who can become a licensed contractor?

To qualify for a contractor's license, an individual must:

- Be 18 years of age or older;
- Have a valid social security number; and
- Show that they have the experience and skills necessary to manage the daily activities of a construction business, including field supervision, or be represented by another individual with the necessary experience and skills who serves as the qualifying individual.

Can business entities be licensed?

Yes, the CSLB issues contractor's licenses to corporations, partnerships, joint venturers and limited liability companies ("LLCs"). However, in order for a business entity to be issued a contractor's license they must associate a qualifying individual who holds an contractor's license. Whether licensed as an individual or as a business entity, a licensed contractor may only contract in the classification(s) in which it is licensed.

What experience is required for a contractor's license?

A qualifying individual must have at least four years of journey-level experience in the past 10 years immediately preceding application for a contractor's license. Credit for experience is only given for

experience as a journeyman, foreman, supervising employee, or contractor. All experience must be verified by a qualified and responsible person who has firsthand knowledge of the individual's experience during the time period covered.

A qualifying individual may also receive credit of up to three years of the required four years of journey-level experience:

- **A maximum of 1 ½ years of credit:** Upon submission of transcripts for an Associate of Arts degree from an accredited school or college in building or construction management.
- **A maximum of 2 years of credit:** Upon submission of transcripts for: (1) a four-year degree from an accredited college or university in the fields of accounting, business, economics, mathematics, physics, or areas related to the specific trade or craft for which an application is being made; (2) a professional degree in law; or (3) substantial college or university course work in accounting, architecture, business, construction technology, drafting, economics, engineering, mathematics or physics.
- **A maximum of 3 years credit:** Upon submission of: (1) a Certificate of Completion of Apprenticeship from an accredited apprenticeship program or a certified statement of completion of apprenticeship training from a union in the classification being applied for; (2) transcripts for a four-year degree from an accredited college or university in architecture, construction technology, or any field of engineering that is directly related to the classification being applied for; or (3) transcripts for a four-year degree from an accredited college or university in the field of horticulture or landscape horticulture if applying for a C-27 Landscaping classification.

What classifications may a contractor be licensed in?

California has three different license classifications:

- **Class "A" – General Engineering Contractor:** A Class "A" – General Engineering Contractor's principal business is in connection with fixed works requiring specialized engineering knowledge and skill.
- **Class "B" – General Building Contractor:** A Class "B" – General Building Contractor's principal business is in connection with any structure built, being built, or to be built, requiring in its construction the use of at least **two unrelated building trades or crafts**. However, framing and carpentry projects may be performed without limitation. A Class "B" licensed contractor may enter into a direct contract for projects involving only one trade, if the contractor holds the appropriate specialty license or subcontracts with an appropriately licensed specialty contractor to perform the work.
- **Class "C" – Specialty Contractor:** There are [41 separate Class "C" licenses](#) for contractors whose principal business involves the use of specialized building trades or crafts. Manufacturers are considered to be contractors requiring a license if engaged in on-site construction, alteration, or repair. In addition, there is a C-61 Limited Specialty classification which is subcategorized into 30 separate "D" subclassifications.

How do I apply for a contractor's license?

To apply for a contractor's license you must complete and submit:

- **For individuals, partnerships, and corporations:** [An Application for Original Contractor License](#);
- **For individuals, partnerships, and corporations with a qualifying individual:** [An Application for Original Contractor License \(Exam Waived\)](#);
- **For LLCs:** [An Application for LLC Original Contractor License](#); or
- **For LLC's with a qualifying individual:** [An Application for LLC Original Contractor License \(Exam Waived\)](#).

If you are required to take an examination, you must complete and submit the Application for Original Contractor's License or Application for LLC Original Contractor License together with a processing fee ([currently \\$300](#)) to the CSLB. If you are not required to take the examination, you must complete and submit the Application for Original Contractor's License (Exam Waived) or Application for LLC Original Contractor License (Exam Waived) together with a processing fee ([currently \\$300](#)), initial licensing fee ([currently \\$180](#)), and an additional classification fee ([currently \\$75](#)) for any additional classifications being applied for.

Note: Applications may be submitted in person or by mail to the CSLB. Although the CSLB has a few different offices, only the CSLB's Sacramento office accepts application. The address of the CSLB's Sacramento office is Contractors State License Board, P.O. Box 26000, Sacramento, CA 95826. It is recommended that you utilize Politico Group's licensing liaison prior to submitting your application.

What if I am required to take an examination?

If you are required to take an examination you must pass a written law and business examination and a specific trade examination. Each examination is 3 1/2 hours and is multiple choice. Examination center are located in Fresno, Norwalk, Oakland, Oxnard, Sacramento, San Bernardino, San Diego and San Jose. Your examination center and a study guide will be included in a Notice to Appear for Examination sent by the CSLB.

The CSLB may waive the examination requirement if the qualifying individual either:

- Is currently licensed and in good standing in the same classification in which a license is being applied for;
- Has been licensed and in good standing within the past five years in the same classification in which a license is being applied for;
- Has passed both the law and business examination and trade examination within the last five years in the same classification in which a license is being applied for; or
- Is a member of the immediate family of a licensee whose individual license was active and in good standing for five of the past seven years preceding the application, the qualifying individual was actively engaged in the licensee's business for five of the past seven years and is applying for the same classification, and the license is necessary to continue the operation of an existing family business due to the absence or death of the licensee.

Note: Even if you think you are eligible for an examination waiver you must complete the "Experience" section of the application, unless you are currently a qualifier on a license in good standing in the same classification as the license being applied for, or you have served as a qualifier on a license in good standing within the past five years in the same classification in which a license is being applied for.

Can a qualifying individual serve as the qualifier for more than one license?

Yes, but only if one of the following conditions exist:

- **Twenty Percent Common Ownership:** There is common ownership of at least 20% of the equity of each firm for which the qualifying individual serves as qualifier;
- **Subsidiary or Joint Venture:** The additional firm is a subsidiary or joint venture with the first firm; or
- **Majority of Partners or Officers the Same:** The majority of partners or officers of the two firms are the same.

Note: Even if a qualifying individual meets these conditions, he or she may not serve as the qualifying individual for more than **three firms in any one-year period**. Moreover, if a qualifying individual disassociates from the third firm, he or she must wait **one year** before associating with a new third firm. Responsible Managing Employees (“RMEs”) may not be the qualifier on more than one active license.

What other information or other documentation do I need to submit?

Either together with your application, or later when notified by the CSLB, you must also submit:

- **Contractor Bond or Alternative:** A contractor bond (currently \$15,000), or alternative in lieu of a bond, in the business name of the applicant;
- **Bond of Qualifying Individual or Alternative:** If required, a qualifying individual bond (currently \$12,500), or alternative in lieu of a bond, or exemption statement for each Responsible Managing Officer (“RMO”), Responsible Managing Member, or Responsible Managing Manager. The bond of the qualifying individual must be in the name of the qualifying individual and the business name of the applicant; and
- **Proof of Workers Compensation Insurance or Exemption Certificate:** Proof of workers’ compensation insurance or exemption certificate certifying that no workers are employed.

In addition, LLC’s are required to submit:

- **Surety Bond:** A surety bond (currently \$100,000) for the benefit of employees or workers damaged by an LLC’s failure to pay wages, interest on wages, or fringe benefits, as well as other contributions; and
- **Liability Insurance:** Proof of liability insurance with the cumulative limit of \$1 million for licensees with five or fewer persons, and an additional 100,000 for each additional member over five, not to exceed \$5 million total.

Note: An RMO, Responsible Managing Member or Responsible Managing Manager does not need to provide a qualifying individual bond if they own **10% or more** of the voting stock or equity of the corporation or LLC and submits a Qualifier Statement of Ownership. All RMEs must provide a Bond Of Qualifying Individual. RMEs must be bona fide employees involved in the business at least 32 hours a week or 80% of the total business operating hours per week, whichever is less.

How will I know if my application has been approved?

When the CSLB receives your application it will send a Letter of Acknowledgement including a **nine-digit Application Fee Number** and a **four-digit Personal Identification Number** which you can use to [check the status of your application](#) on the CSLB website. Application status information is updated weekly. You should expect the CSLB to take several months (currently 3 to 6 months) to [process your application](#).

Maintaining Your Contractors License:

How long is a California contractor's license valid?

A California contractor's license is initially valid for **two years** after it is issued. Approximately **60 days** before the license is due to expire, CSLB will send the licensee a renewal application. The licensee must return the renewal application to CSLB before expiration of the license or it will expire and the licensee will be prohibited from contracting under that license.

If renewed on "active" status, a license is renewed for an additional **two years**. If renewed on "inactive" status, a license is renewed for **four years**.

What happens if I inactivate my contractor's license and how do I reactivate it?

An inactive contractor's license is considered to be "on hold." While your license is inactive, you cannot bid or perform work as a licensed contractor. However, you do not need to maintain any bonds or workers compensation insurance while your license is inactive nor do you need to have a Responsible Managing Officer ("RMO"), Responsible Managing Employee ("RME"), Responsible Managing Member or Responsible Managing Manager. To inactivate your license, you need to submit an [Application to Inactivate Contractor's License](#) together with your current pocket license.

To reactivate an inactive contractor's license, you will need to submit an [Application to Reactivate Inactive Contractor's License](#), together with all required bonds, proof of insurance if you are a limited liability company ("LLC"), proof of workers compensation insurance if you have California employees and the required application fee.

What about bonds, proof of insurance, and proof of worker's compensation insurance?

Bonds and insurance policies expire. Bonds can be valid for one year or up to five years depending on the surety. Insurance policies typically expire after a year. You must ensure that your bonds are renewed before they expire. And, if you operate as a LLC, that your surety bond is renewed before it expires, and that you have submitted proof of a current insurance policy. In addition, if you have employees in California, you must ensure that you have submitted proof of a current worker's compensation insurance policy. Make sure that effective date is the same as the cancellation date of the old bonds and insurance policies. If your bonds or insurance policies expire, CSLB will send you a notice of suspension.

What happens if my construction company is sued and a judgment is entered against the company?

Contractors are required to report construction-related civil court judgments to CSLB within **90 days** of the judgment date. CSLB will then send notice to the contractor that it has **90 days** from the date of the

notice to resolve the judgment, and if the judgment is not resolved within that period, that the licensee's license will be suspended.

Note: CSLB broadly construes "construction-related," so if you did not pay your office rent, your office utility bills, your subcontractor, material supplier, or employees, CSLB will consider the judgment to be "construction-related."

A contractor can prove that a judgment has been resolved by submitting either: (1) an Acknowledgement of Satisfaction of Judgment; (2) a notarized statement from the judgment creditor that the judgment has been paid in full; or (3) a copy of the front and back of a cancelled check payable to the judgment creditor. If providing a copy of a cancelled check, you must provide the telephone number of the judgment creditor so that CSLB can verify that the payment was received by the judgment creditor.

Note: If you file for bankruptcy and submit proof of the bankruptcy filing including the name of the judgment creditor on the list of creditors, or if you file proof that an appeal of the judgment has been filed, CSLB will stay enforcement.

Can I add a classification to my contractor's license?

Yes. To add a classification you must submit a separate [Application for Additional Classification](#) for each classification you are adding. However, for C-61 (Limited Specialty) classifications, you can request multiple C-61 classifications on a single Application for Additional Classification.

In order to add classification to your contractor's license you must:

- Select a qualifying individual who holds a license in the same classification you are adding;
- Have the qualifying individual describe in detail four years of experience within the last 10 years as a journeyman, foreman, supervisor or contractor in the classification in which he or she is serving as the qualifying individual together with verification of the claimed experience;
- Unless the qualifying individual qualifies for a waiver, he or she must pass the trade examination for the classification and, if he or she has not done so previously, pass the Law and Business Examination.
- If the qualifying individual is a RME, he or she must inactivate his or her individual license.
- File any required bonds; and
- Submit the required application processing fee (currently [\\$75](#)).

You can also remove a classification by filing an [Application to Remove Classification From License](#).

What if one of the official personnel previously listed on the CSLB's records leaves the company?

It depends on who the contractor's license was issued to and whether the person leaving is a RMO or RME.

- **Sole Proprietorships** – If the contractor's license was issued to an individual doing business as a sole proprietorship, the individual license cannot be transferred, even if the business is sold to another person. If the individual with the contractor's license dies, a death certificate must be

submitted to the CSLB, and the license will be cancelled. If the individual with the contractor's license no longer wishes to conduct business, the individual may either cancel the license by submitting a [Cancellation Notice](#) to the CSLB, or inactivate the license by submitting an [Application to Inactivate Contractor's License](#) to the CSLB.

- **Partnerships** – If the general or qualifying partner leaves the partnership the contractor's license of the partnership a [Disassociation Request](#) must be submitted to the CSLB within **90 days** of the date the general or qualifying partner left the partnership. However, the remaining partners may request a **one year** continuance of the license to complete projects in progress. A request for continuance must be submitted to the CSLB within **90 days** of the date the general or qualifying partner left the partnership. If the remaining partners wish to remain in business beyond the one-year continuance they will need to apply for a new contractor's license.
- **Corporations and Limited Liability Companies** – If any of the listed officers of a corporation or limited liability company leaves the corporation or limited liability company this change must be reported to the CSLB within **90 days** of the listed officer leaving the company.
- **RMOs, RMEs, Responsible Managing Member, and Responsible Managing Manager**– If a qualifying individual, either a RMO, RME, Responsible Managing Member or Responsible Managing Manager, leaves the company, this change must be reported to the CSLB within **90 days** of the qualifying individual leaving the company by filing a [Disassociation Notice](#). You must replace the RMO, RME, Responsible Managing Member or Responsible Managing Manager within **90 days** of the date the qualifying individual left the company by filing an [Application for Replacing the Qualifying Individual](#) and the required application fee. An Application for Replacing the Qualifying Individual can also be used as the Disassociation Notice if the qualifying individual is replaced immediately.

Note: You may petition the CSLB for reconsideration if you dispute the date of disassociation on which a suspension is based. You may also petition the CSLB if you can show good cause for failing to notify the CSLB within 90 days of the date of a disassociation. However, the CSLB must receive the petition within **90 days** from the date the CSLB sends notice that the contractor's license will be suspended if the qualifying individual is not replaced.

What if the RMO, Responsible Managing Member, or Responsible Managing Manager's share of the voting stock or equity of the corporation or LLC, which allowed the qualifying individual to qualify for an exemption from the qualifying individual bond, falls below 10%?

If the RMO, Responsible Managing Member, or Responsible Managing Manager's share of the voting stock or equity of the corporation or LLC falls below **10%** of the voting stock or equity of the corporation or LLC, he or she will no longer be eligible for the exemption from the qualifying individual bond (currently \$12,500), and a [Bond of Qualifying Individual](#) form must be submitted to the CSLB within **90 days** of the change.

What if I change my company name or address listed in the CSLB records?

You must submit an [Application to Change Business Name and/or Address](#) to the CSLB within **90 days** after there has been a change in the name or address of the company.

What if I change the business type of my company?

The CSLB issues contractor's licenses to five types of entities: (1) individuals; (2) partnerships; (3) corporations; (4) limited liability companies; and (5) joint ventures. Because licenses are issued to the specific type of entity, a new contractor's license is required if the business type of the company changes, say from a sole proprietorship to a corporation or from a partnership to several sole proprietorships.

As such, you will need to submit an [Application for Original License](#) if your business entity type changes. However, if you took the exam for the previous license and are applying for the same classification previously held you will not need to re-take the examination.

Because a new contractor's license must be issued if there is a change in the business type of a company you will usually get a new license number. However, if the previous license was issued to an individual, and the individual is forming a corporation in which he or she owns 51% or more of the voting stock of the corporation, he or she may request that the previous license number be reissued to the corporation.

What if my contractor's license is revoked and I want my license to be reinstated or reissued?

If your license is revoked for violating the Contractors State License Law and you wish to have your license reinstated or reissued, you must file a disciplinary bond. The amount of the disciplinary bond is based on the seriousness of the violation but may **not be less than \$15,000 nor more than ten times the amount of the contractor's bond** (currently \$15,000).

Under what circumstances can my contractor's license be cancelled?

A license is cancelled when any of the following arises:

- **Individual License:** Death of the owner;
- **Partnership License:** Death or disassociation of a general or qualifying partner;
- **Corporate and LLC Licenses:** Notification by the licensee of merger, dissolution, or surrender of the right to do business in California; or
- **Joint Venture License:** Cancellation, revocation, or withdrawal of any of the businesses that formed the joint venture.

You must submit a [License Cancellation Request](#) to the CSLB within **90 days** of occurrence of any these circumstances. A corporate or LLC license will also be cancelled **60 days** after the CSLB discovers that the corporation or LLC has merged, dissolved, or surrendered the right to do business in California. Of course, a licensee may also voluntarily request cancellation of a license at any time by filing a License Cancellation Request.

If my license is cancelled is there any way my business can continue to temporarily operate?

Yes. Under certain circumstances, a request to continue operations may be granted for up to **1 year**, with extensions past 1 year, as approved by the CSLB. The rules as to who may apply for a continuance depends on the type of license:

- **Sole Ownership:** If the owner dies, a member of his or her immediate family may apply for a continuance;
- **Partnership:** If a general partner or the qualifying partner dies or disassociates, the remaining partners listed in the CSLB's records may apply for a continuance; and
- **Joint Ventures:** If any of the partners of a joint venture cancels, revokes, or withdraws from the joint venture, the remaining joint venture partner or partners listed in the CSLB's records may apply for a continuance.

A request for continuance must be made to the CSLB within **90 days** from the date of a death or disassociation.